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PROGRAMME BUDGET FOR THE BIENNIUM 1990-1991

First performance report

Fifteenth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the first performance report of the Secretary-General on the programme budget for the biennium 1990-1991 (A/C.5/45/45 and Add.1).

A. A/C.5/45/45

2. As shown in paragraph 1 of the Secretary-General's report, the revised net requirements for 1990-1991 are estimated at $1,761,807,800, which is $154,400,000, or 9.6 per cent, more than the net requirements approved by the General Assembly in its resolution 44/202 of 21 December 1989. The net overall increase reflects increases under both expenditure ($181,984,500) and income ($27,584,500) estimates.

3. The Advisory Committee notes that, as stated in paragraph 2 of the Secretary-General's report, the revised requirements reflect primarily variations in the rates of exchange and in the impact of inflation, as well as changes in standard costs and decisions of policy-making organs. Details concerning these factors are provided in subsequent sections of the Secretary-General's report.

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4. The elements comprising the increase of $181,984,500 in expenditure estimates are summarized in paragraph 18 of the report, as follows:

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Decisions of policy-making organs	2 739 200
Other changes	(479 000)
Adjustments to standard costs	1 442 500
Rates of exchange	106 953 400
Inflation	71 328 400
Net increase in expenditure	181 984 500

5. A breakdown, by budget section and by main determining factor, of the revised estimates is provided in part A of annex I to the Secretary-General's report; part A of annex II provides a breakdown of the estimated additional requirements or decreases by budget section and by main object of expenditure. Corresponding information by duty station is provided in part B of annexes I and II. The Secretary-General's report is also supported by schedules 1 to 5, which contain additional information on rates of exchange and inflation, post adjustment indices, General Service salaries, and percentage rates of common staff costs.

6. The additional requirements of $2,739,200 attributable to decisions of policy-making organs are discussed in paragraph 4 of the Secretary-General's report; the Advisory Committee notes that these have been incurred under the terms of General Assembly resolution 44/203 of 21 December 1989 on unforeseen and extraordinary expenses for 1990-1991. As discussed in paragraph 5 of the report, the net decrease of $479,000 under the heading of "Other changes" relates in part to special missions approved under the provisions of General Assembly resolution 44/203 on unforeseen and extraordinary expenses for 1990-1991, as well as to interorganizational security measures authorized in accordance with the same resolution, and the compensation of ad hoc Judges of the International Court of Justice. As also stated in paragraph 5 of the report, requirements arising from the above have been, to a large extent, offset by savings projected against the appropriation for 1990 related to the Secretary-General's efforts to achieve a comprehensive political settlement in Afghanistan. With regard to special missions, the Committee notes that an amount of $67,800 for the dispatch of a mission to Haiti in connection with the holding of elections is shown under section 1; the question of where this amount should be budgeted is currently under discussion in the General Assembly.

7. Adjustments to standard costs are discussed in paragraph 6 of the Secretary-General's report; as noted therein, the net increase of $1,442,500 comprises an increase in common staff costs resulting from a revision of the rates in the light of experience, offset by a reduction in average realized salary levels within grades on the basis of experience.

8. As indicated in paragraph 4 above, the major components of the net increase in requirements relate to changes in the operational rates of exchange and inflation since the beginning of the biennium. According to paragraph 14 of the Secretary-General's report, the requested increase of $106,953,400, resulting from exchange rate variations, reflects depreciation in the exchange rate of the United States dollar with currencies of European duty stations over the period December 1989 to December 1990. The Committee notes the statement in paragraph 14 that in accordance with established practice, the December 1990 rates are projected to the end of 1991.

9. The Committee inquired as to what the difference would be if the 1991 currency projection were based on the average obtained thus far in 1990 rather than on the latest prevailing rates, and was informed that if this were done, the related estimate would be lower than the one used by the Secretary-General by $15.4 million. The Advisory Committee recommends that the latter method of projecting currency variances be used with a consequential reduction in the Secretary-General's estimate of expenditure by $15.4 million.

10. Upon inquiry, the Committee was informed that the revised expenditure estimates referred to in paragraph 1 of the Secretary-General's report include $17.3 million (gross) for the financial implications of the decisions of the International Civil Service Commission (ICSC) (as contained in its report) 1/ and an increase of some $6.3 million for travel (bringing the total to $43 million for travel of representatives, travel of staff, and travel of staff to service meetings).

11. With regard to the $17.3 million (gross) for the financial implications of the recommendations of ICSC, the Committee notes that, as of the preparation of the present report, the matter is still under discussion in the Fifth Committee. That being the case, the Advisory Committee recommends that the related financial implications of such recommendations of ICSC as may be adopted by the General Assembly be reported in the second performance report to be submitted to the General Assembly at its forty-sixth session. Accordingly, the Advisory Committee recommends a consequential reduction of $17.3 million (gross) in the Secretary-General's estimate.

12. As for travel, the Committee recalls that it has often called for strict controls and monitoring of travel, with the combination of trips for different purposes whenever feasible. The Committee believes that, with strict attention to need for efficiency and economy, expenditures for travel in the 1990-1991 biennium should not exceed $40 million. Therefore, the Committee recommends that the Secretary-General's revised estimate be reduced by $3 million with regard to travel.

13. The net increase of $27,584,500 under income sections comprises, as discussed in paragraphs 15 to 17 of the Secretary-General's report, the following adjustments:

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Income section 1.	Income from staff assessment	25 964 800
Income section 2.	General income	4 878 500
Income section 3.	Revenue-producing activities	(3 258 800)
	Net total	27 584 500

The recommendations made by the Advisory Committee in paragraphs 9 and 11 above have a consequential effect on income section 1, which will have to be determined at such time as those recommendations are acted upon by the General Assembly.

B. A/C.5/45/45/Add.1

14. As stated in paragraph 3 of the above-mentioned addendum, the report was submitted pursuant to the Advisory Committee's recommendation in its report A/44/7/Add.4, wherein the Committee, while not objecting to the reinstatement of the $1.5 million which had been provisionally cut from the global provision for temporary assistance for meetings under section 29 of the programme budget, recommended that recourse to the $1.5 million should be subject to its prior concurrence, in the context of the Secretary-General's first performance report for the biennium.

15. Paragraphs 4 to 8 of the Secretary-General's report deal with the evolution of conference-servicing requirements in 1990. In this connection, the Secretary-General states that, while it had been expected that the number of meetings would have been reduced in 1990-1991, in fact, experience in 1990 indicates a clear increase in the number of non-recurrent meetings and related work-loads and financial requirements (para. 5). The Secretary-General also emphasizes that, for the reasons provided in paragraphs 6 and 7, the costs of any departures from the originally planned schedule (in Geneva and Vienna) are much higher than they are in New York (para. 6). Furthermore, because of unexpected and additional work-load in New York, the capacity that used to be available in New York to handle sudden or unexpected changes in and additions to the volume of conference-servicing work-load on a global scale has been significantly curtailed (para. 8). Consequently, when additions and changes in the calendar or in a body's meeting or documentation requirements occur, resort to temporary assistance becomes unavoidable, resulting in higher costs (para. 8).

16. In paragraph 10 of his report, the Secretary-General shows the appropriations and expenditures in 1990 for temporary assistance for meetings and related items; as shown therein, an over-expenditure of $6,192,100 is projected for temporary assistance for meetings and related items in 1990 compared with the corresponding 1990 portions of appropriations under section 29 of the programme budget for the biennium 1990-1991 (para. 11). Of that amount, $1.7 million relates to inflation and currency exchange rate fluctuation, for which provision has been requested in the context of A/C.5/45/45 (see para. 4 above). Accordingly, as explained in

paragraph 12 of his report, the Secretary-General projects a "net over-expenditure" of $4,475,600 under temporary assistance for meetings and related items.

17. That being the case, the Secretary-General requests the concurrence of the Advisory Committee in the use of the $1.5 million referred to in paragraph 14 above. In addition, the Secretary-General states that in view of the current trends in work-load for 1991, it would appear that the provision for temporary assistance for meetings and related objects of expenditure in the biennium 1990-1991 as a whole will prove seriously inadequate (para.14); and that corresponding savings in 1991 will not balance the net over-expenditure in 1990 (para. 15). Accordingly, the Secretary-General requests an increase of $2 million in the global provision for temporary assistance for meetings under section 29 of the programme budget for 1990-1991, to be dealt with in accordance with the guidelines and the operation of the contingency fund. In this connection, the Secretary-General also states that, should it not be possible to accommodate these additional requirements from the contingency fund, it might not be possible to provide full services for the approved calendar of meetings for 1991 (para. 18).

18. Should the $2 million in additional resources prove inadequate, despite efforts to achieve economies, the Secretary-General would report to the Advisory Committee in 1991 and request authority to enter into additional commitments under the provisions of General Assembly resolution 44/203 (para. 16).

19. The Advisory Committee concurs in the Secretary-General's request to use the remaining $1.5 million from the global provision for temporary assistance for meetings. With regard to the request for an additional $2 million, the Advisory Committee notes from table 2 (para. 10) of the Secretary-General's report that a substantial portion of the projected over-expenditure in 1990, that is, some $4.9 million, relates to Vienna; most of that amount relates to the payments by the United Nations for services provided by the United Nations Industrial Development Organization (UNIDO).

20. The Advisory Committee recalls that, as indicated in its report A/45/7/Add.6, it concurred in the Secretary-General's proposal to prepare specific proposals for the establishment of either a common conference-servicing facility at Vienna or a unified United Nations/UNIDO service, to be submitted to the Advisory Committee at its spring 1991 session. That being the case, the Advisory Committee recommends that no decision be taken at this stage regarding the additional $2 million being requested by the Secretary-General. Rather, the Advisory Committee, in the context of its examination of the Secretary-General's report, would decide if commitment authority for $2 million is required.

Notes

1/ Official Records of the General Assembly, Forty-fifth Session, Supplement No. 30 (A/45/30).